



**STATE BOARD OF EDUCATION
TRUSTEES OF BOISE STATE UNIVERSITY
TRUSTEES OF IDAHO STATE UNIVERSITY
TRUSTEES OF LEWIS-CLARK STATE COLLEGE
BOARD OF REGENTS OF THE UNIVERSITY OF IDAHO
STATE BOARD FOR PROFESSIONAL-TECHNICAL EDUCATION
TRUSTEES FOR THE IDAHO SCHOOL FOR THE DEAF AND THE BLIND**

**APPROVED MINUTES
STATE BOARD OF EDUCATION
June 14-16, 2006
College of Southern Idaho
Herrett Center
Rick Allen Community Room
Twin Falls, Idaho**

A regular meeting of the State Board of Education was held June 14-16, 2006 in the Rick Allen Community Room of the Herrett Center at the College of Southern Idaho in Twin Falls, Idaho. Board President Laird Stone presided. Members present were:

Laird Stone, President
Paul Agidius, Secretary
Rod Lewis
Sue Thilo

Milford Terrell, Vice President
Blake Hall
Karen McGee
Marilyn Howard, State Superintendent

EXECUTIVE SESSION

M/S (Lewis/Hall): To move into executive session, pursuant to Idaho Code Section 67-2345(1), on June 14, 2006 at 3:00 p.m. in the Library of the Herrett Center at the College of Southern Idaho. A roll call vote was taken; motion carried unanimously.

M/S (Terrell/Agidius): To adjourn for the night. Motion carried unanimously.

M/S (Terrell/Agidius): To go back into Executive Session at 7:30 a.m. on June 15, 2006. Motion carried unanimously.

M/S (Terrell/Agidius): To go out of Executive Session at 9:10 a.m. and into Open Session. Motion carried unanimously.

In executive session, the Board (a) considered hiring a public officer, employee, staff member or individual agent; (b) considered the evaluation, dismissal or disciplining of, or complaints or charges brought against a public officer, employee, staff member of

individual agent, or public school student; (c) conducted deliberations concerning labor negotiation or to acquire an interest in real property which is not owned by a public agency; (d) considered records that are exempt from public inspection; and, (f) considered and advised its legal representatives in pending litigation or where there is a general public awareness of probable litigation.

OPEN SESSION

Open session was called to order by Board President Stone at 9:25 a.m. on June 15, 2006.

BOARDWORK

1. Agenda Review

M/S (Terrell/Agidius): To accept the agenda as amended. *Motion carried unanimously.*

Dr. Howard requested to move Consent Agenda item #13 to the Instruction, Research and Student Affairs agenda for consideration.

2. Minutes Approval

M/S (Terrell/Lewis): To approve the minutes from April 20-21, 2006 as submitted. *Motion carried unanimously.*

3. Rolling Calendar

M/S (Terrell/Agidius): To approve June 14-15, 2007 as the date, and North Idaho College as the location for the June 2007 regularly scheduled Board meeting. *Motion carried unanimously.*

OPEN FORUM

Mary Schmidt, resident of Grangeville, addressed the Board regarding the proposed division of school district 241. She noted that the plan to divide the district would provide more local control and support because it would allow for more community involvement in district related issues. She encouraged the Board to vote in favor of the proposal.

Andrea Solberg, resident from Grangeville and chair of the deconsolidation committee, addressed the Board, noting that the district is too large to adequately serve its patrons. Ms. Solberg pointed out that it is nearly impossible to garner enough district-wide votes on bond issues because several of the communities are at odds with each other. She strongly encouraged the Board to approve the proposed division so the communities could decide by vote on the issue.

CONSENT AGENDA

M/S (Agidius/Terrell): To approve the Consent Agenda with the exception of moving item #13 to the Instruction, Research and Student Affairs agenda. *Motion carried unanimously.*

1. BAHR- Section I – Boise State University – New Positions & Changes to Positions

By unanimous consent, the Board approved the request by Boise State University for thirty-seven (37) new positions supported by appropriated and local funds; and title, term, salary and FTE changes to eighteen (18) additional positions.

2. BAHR – Section I – Idaho State University – New Positions & Changes to Positions

By unanimous consent, the Board approved the request by Idaho State University for thirty (30) new positions (29.1 FTE), and to increase the FTE on two (2) positions (2.0 FTE).

3. BAHR – Section I – University of Idaho – New Positions

By unanimous consent, the Board approved the request by the University of Idaho for four (4) new positions and the reactivation of one (1) vacant position.

4. BAHR – Section I – Lewis-Clark State College – New Positions

By unanimous consent, the Board approved the request by Lewis-Clark State College to add ten (10) new positions.

5. BAHR – Section I – Eastern Idaho Technical College – New Position

By unanimous consent, the Board approved the request by Eastern Idaho Technical College for one (1) new position supported by local funds.

6. BAHR – Section II – FY2007 Room & Board Rates

Information Item.

7. BARH – Section II – Amendment of Board Policy V.Q – Deposits & Miscellaneous Receipts – Second Reading

By unanimous consent, the Board approved for second reading the revisions to the Idaho State Board of Education Governing Policies and Procedures, Sections V.Q.

8. BAHR– Section II – Amendment of Board Policy III.T.4. – Intercollegiate Athletics – Second Reading

By unanimous consent, the Board approved for second reading the changes to the Idaho State Board of Education Governing Policies and Procedures, Section III.T.4. – Intercollegiate Athletics.

9. BAHF – Section II – Capitol Projects Overview

Information Item.

10. PPGAC – Alcohol Permits Issued by University Presidents

Information Item.

11. IRSA – HERC FY2007 Budget Approval

By unanimous consent, the Board approved the FY2007 HERC Budget Allocation as presented.

12. IRSA – Round II – Idaho Technology Grant FY2007 Grant Funding Recommendations – Second Round

By unanimous consent, the Board approved the funding for projects as exhibited in the Round II FY2007 Idaho Technology Incentive Grant Program Proposals.

13. Moved to the regular Instruction, Research and Student Affairs agenda.

14. IRSA – Decision Regarding 2006-2007 Title IIA – Improving Teacher Quality State Activities Funds

By unanimous consent, the Board approved the request having the Title IIA funds for 2006-2007 be administered by the State Department of Education in accordance with federal laws and regulations and as the Department recommends.

PLANNING, POLICY and GOVERNMENTAL AFFAIRS (PPGAC)

1. Presidents' Council Report

Dr. Michael Burke reported that the Presidents' Council had appointed President Tim White to chair the Presidents' Council in the coming year. They also discussed the comparative study and plan to present the report on engineering programs to the Board in October. The report on education programs will be presented in the spring. Board member Hall asked for a schedule ahead of time so the Board can prepare.

2. College of Southern Idaho

Dr. Jerry Beck reported to the Board and reviewed the CSI community college mission in terms of current activities and future plans. It was noted that CSI had increased student fees since property tax support had been reduced. Dr. Beck discussed the college's redesign and improvement projects. He talked about the role of telecommunication, internet course delivery and business partnerships, and noted the need for more health sciences and human services programs. Dr. Beck reported that the College of Southern Idaho Foundation is one of the ten largest community college foundations in the country. Dr. Beck briefly discussed the issue of dual credits and agreed to provide information as to what CSI anticipates in the future and how the institution will respond. In regards to the impact of recent community college discussions by the legislature, Dr. Beck observed that community support for CSI is strong because it benefits the Magic Valley community economically.

It was noted that Governor Risch had emphasized Idaho's need for more nurses and nursing programs. The Board encouraged CSI to discuss the issue with other institutions in the state to determine how best to address that the need.

Dr. Howard suggested the Board ask for a diagram similar to the chart on page 21 of Dr. Beck's presentation to be developed for any area where a community college is being proposed.

3. Division of Professional-Technical Education Progress Report

Dr. Mike Rush reported to the Board on Professional-Technical Education. He reflected on the tremendous changes that are occurring nationally and statewide during this time of transition which make the mission of the Division of Professional-Technical Education (DPTE) unique and critical. He noted that the DPTE budget is the fifth largest user of state general account funds and supports five programs areas: state leadership, general programs, technical colleges, under-prepared adults, and the Career Information System.

Dr. Rush reported that the rigor of PTE programs and their changing nature have impacted growth at the secondary and postsecondary levels. At the secondary level, there has been significant enrollment increases in tech prep programs and in professional-technical schools. At the postsecondary level, short-term training and emergency services training enrollments and programs have increased. Dr. Rush reported that a public policy survey demonstrated parent support for more opportunities for students to take classes that lead to a technical career.

Board member McGee commended the DPTE for being responsive to economic and workforce needs. Dr. Howard commented on the leadership opportunities for students in PTE programs and Dr. Rush explained the role of the professional-technical student organizations. He pointed out that the success of students competing at the state and national level demonstrated that Idaho students are competitive in every aspect of education and ability.

4. Approval of Boise State University Alcohol Waiver Request for 2006 Home Football Games

M/S (Lewis/Thilo): To approve the request by Boise State University to establish secure areas under the conditions set forth in this request for the purpose of allowing pre-game activities for the 2006 home football season on the condition that BSU and all parties with which it contracts will follow all the provisions set forth in Board Policy, I.J. regarding the use of institutional facilities and services, and to also include the other eleven items set forth below:

- 1. A secured area surrounded by a fence to control access to and from the area.**
- 2. Four-hour duration, ending at kick-off.**
- 3. No alcohol making or distributing companies may be allowed to sponsor the activities or tents.**
- 4. A color-coded wrist band or pass admission system that would identify attendees and invited guests.**
- 5. Companies involved in the tent village would be sent a letter outlining the tent village/SBOE alcohol policy. The letter will state the minimum drinking aged in Idaho is 21 and that at no time should they allow any underage drinking and/or serving of alcohol to visibly intoxicated patrons.**
- 6. Two entry points manned by security personnel.**
- 7. Security personnel located throughout the controlled area will be monitoring the alcohol wristband policy and patron behavior.**
- 8. Security personnel will not allow patrons to exit the area with alcoholic beverages.**
- 9. Tent sponsors will be required to insure and indemnify the State of Idaho, the State Board of Education and Boise State University for a minimum of \$2,000,000 to make sure that the proper permits and licenses are obtained.**
- 10. The area is for sponsors to entertain clients/guests for the fall of 2006 home football games, including the sales and service of alcohol.**
- 11. It is brought back after the conclusion of the 2006 football season to the Board for reconsideration for 2007.**

Motion carried unanimously.

Dr. Sona Andrews, Boise State University, explained the request to establish a secure area next to the Caven Williams Sports Complex for the purpose of allowing corporations and invited guests the opportunity to gather with clients and guests for the 2006 home football games.

Board member Lewis requested that the Board and Board staff include in the motion the point that there will be full and complete compliance with the policy that is attached to this item. Kevin Satterlee of Boise State University explained that Aramark is BSU's contracted provider of the food and alcohol at the majority of the football games and their contract specifically includes the compliance requirement.

Board member Terrell expressed concern about BSU's requirement for a five million dollar rider because other institutions require much less. Kevin Satterlee explained that

relates to the MPC Bowl where Aramark is not the primary provider of alcohol, but rather subcontracts with secondary providers. Based on BSU's assessment of that situation, it opted for more insurance coverage from a liability standpoint. Board member Terrell asked the Board to consider rethinking the approval of that amount. Board member Lewis observed that it was hard to argue against it given the risk that comes with serving alcohol. Board member Terrell suggested that it be possible to readjust the amount at a future time. Board member Hall noted that the Board always has the opportunity and flexibility to reconsider any of its actions. He also noted that the Board agreed to allow institution presidents to evaluate the risk factors associated with the serving of alcohol, and BSU made the assessment based on their best understanding.

5. First Reading of Amendment to IV.H. Idaho State Library

M/S (Agidius/Thilo): To approve the first reading of the amendment to the Idaho State Board of Education Policies I.A.1., I.M.1.b., IV.A., V.A.1., V.B.1., V.B.8., and IV.H. Motion carried 7-0 (Lewis absent during vote).

Board member Hall noted that on July 1, 2006, the Idaho State Library will become the Commission for Libraries. As a result, the Board staff has revised Board policy to make it consistent with legislation.

6. First Reading of Amendment to Bylaws H. and J.

M/S (Thilo/McGee): To approve the first reading of the amendment to the Idaho State Board of Education Bylaws. Motion carried 7-0 (Lewis absent during vote).

Karen Echeverria, Board staff, reviewed the modifications to the bylaws for the Board pointing out that they relate to the current practices of the standing committees. President Tim White suggested that the language regarding the Presidents' Council be changed to reflect actual practices and Board member Hall instructed Board staff to review that portion of the bylaws and follow up on Dr. White's recommendation. Board member Terrell asked that the intent language of the audit committee be reviewed and Board member Hall asked him to forward his concerns to the Board staff prior to the second reading.

7. Discussion of Vision, Mission, and Goals

The Board agreed, by consensus, to take the second approach to updating the Vision, Mission and Goals of the State Board of Education, and to further develop it prior to the August meeting, with additional time set aside for the Board at the August meeting to consider the details.

Executive Director Dwight Johnson discussed two options related to updating the Vision, Mission and Goals of the State Board of Education. He noted one option makes minor language changes while the second option incorporates significant input from the

Board retreat discussion and agency administrators. He explained that the second option serves as a beginning point and recommended creating a work group to flesh out the second approach prior to the August Board meeting.

Board member Hall clarified that the Board staff wanted direction as to which option to pursue, understanding they were approving the format and not the content. Board President Stone indicated his support of the second option as did Board member Lewis and Board member Thilo. Dr. Howard pointed out that the detail under the objectives had not been fully discussed by the Board and Board member Hall concurred. He recommended the Board go into a retreat mode during the August meeting in order to consider that language. Executive Director Johnson noted the work of refining the vision, mission and goals statements would be part of an ongoing effort.

INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS (IRSA)

Board member McGee introduced the IRSA agenda and reported that her attendance at the Council on Academic Affairs and Programs (CAAP) meeting had been informative and helpful to understanding the issues.

1. New Graduate Program – Boise State University – Master of Science, Hydrologic Sciences.

M/S (McGee/Thilo): To approve Boise State University's request to offer an M.S. in Hydrologic Sciences. *Motion carried unanimously.*

Dr. Sona Andrews presented this item to the Board and noted this program was a formalization of a program that BSU already has in place.

2. New Graduate Program – Boise State University – Master of Education, Education Leadership

M/S (McGee/Thilo): To approve Boise State University's request to offer a Master of Education in Education Leadership.

Substitute Motion/S (Thilo/Agidius): To approve Boise State University's request to offer a Master of Education in Education Leadership and to include the Deans of Education and Provosts in coordinating existing programs. *Motion carried 7-1 (Hall dissenting).*

Dr. Sona Andrews presented this item and introduced Diane Boothe, Dean of the College of Education. Dr. Andrews reported the program would graduate candidates who qualify for certification as school principals by the State of Idaho and who would be highly qualified to perform the new leadership functions required today. Dr. Andrews explained that this program is innovative in that it takes the cohort approach and restated several times throughout the discussion that BSU had adhered to Board policy and that the program did not duplicate other programs in the state.

Some concerns were expressed by UI about the amount of discussion time given between BSU and other institutions about the program. Dr. Andrews and others emphasized that Board policy had been followed. President White asked that the motion include provision for ongoing coordination and Dr. Howard encouraged the educational community at large also be involved.

Dr. Andrews explained that much of the earlier discussion took place under past leadership, so while some issues appeared unexplored, that was not the case. She assured the Board that BSU had followed the steps in Board policy in developing, reviewing, and submitting a program proposal. She emphasized that discussion between BSU and the sister institutions took place as appropriate.

Dr. Andrews explained that a delay in approving the program would delay implementation for a year. She pointed out that the demand for this program is huge and that the University of Phoenix plans to offer a program in the fall.

Dr. Boothe reported that a director was in place and Dr. Andrews indicated that the position was neither a new position nor dependent upon this program because it fulfills a number of needs in the Department of Education.

Board member Hall noted his concern about possible duplication and indicated that without documentation to the contrary he would not support the proposal. Board member Lewis pointed out that when an institution follows Board policy for proposing a new program, it is CAAP that reviews and ascertains that the policy has been followed. Board member McGee emphasized that no concerns about duplication were brought up at the CAAP meeting. Tony Fernandez from LCSC agreed that this program had been reviewed by CAAP and that the policy and procedures laid down in Board Policy were followed. Marilyn Davis of the Board office noted that a working group of the Deans of Education engaged in discussion on a variety of topics on an ongoing process. She noted that the policy and procedures were followed.

Board member Hall suggested that when something of this type comes forward in the future, it should include a comparative matrix that allows the Board to have more specificity.

Dr. White emphasized that the University of Idaho is supportive of the program. He reiterated his desire to have ongoing discussion and collaboration by BSU and UI to allow for refinement of the program over time, if needed. Dr. Andrews assured Dr. White that BSU did not intend to replace UI's program in the Boise area. She emphasized that the two programs are non-duplicative, have two very different curricular approaches, and that the demand for both programs is huge.

3. New Graduate Program – Boise State University – Master of Applied Anthropology and M.A., Anthropology

M/S (Lewis/Terrell): To approve Boise State University's request to offer a Master of Applied Anthropology and a Master of Arts in Anthropology. Motion failed 5-3 (Lewis, Terrell and Thilo voted Aye).

Dr. Sona Andrews presented this item. She introduced Mike Blankenship, Dean of the College of Social Science and Public Affairs, and Dr. Mark Plew, Department Chair. Dr. Andrews explained that the two programs operate on one core and under the same budget. The Master of Applied Anthropology is a terminal degree while the Master of Arts in Anthropology is a thesis option that can lead to a doctoral degree. It was noted that there is a large demand for this program in the Treasure Valley. Dr. Andrews pointed out that this program is non-duplicative to other programs offered in the state because other programs take a broad, four-field approach and the BSU program focuses on a specialized, ecological approach.

Board member Agidius asked representatives from the University of Idaho and Idaho State University about possible concerns. Dr. Mike Gallagher from ISU noted that all duplication is not bad particularly in areas like nursing, education and anthropology where the demand is great. He noted that in other states programs must meet established student number thresholds in order to continue operating. He suggested that approach may be a better model for determining whether or not duplication should or should not be allowed. In response to the question, Dr. White noted that the Provost from UI supported the program based on need, however the UI faculty believe it is duplicative.

Board member Hall expressed concern about duplication compared to need and cost. Dr. Andrews noted that BSU already has an undergraduate program. In addition, BSU anticipates that for every dollar spent on the program, additional dollars would come back to the state in the form of grants and contracts.

Dr. Plew discussed the various aspects of the program. Board member Hall asked about statistics related to placement of graduates from the programs at BSU, UI and ISU. Dr. Andrews noted that BSU received assurances of expressed need from the community as well as from federal agencies.

4. Federal Academic Competitiveness Grant Program – Idaho's Proposal for a Rigorous High School Program of Study.

M/S (Thilo/McGee): To ratify the proposal submitted to the U.S. Department of Education for an alternative rigorous secondary school program of study to meet the requirement for the Academic Competitiveness Grant program. Motion carried 7-0 (Hall absent during vote).

Board member Thilo presented this item and noted that Idaho needed to demonstrate a rigorous secondary school program of study in order to apply for the U.S. Department of Education grant. She explained that Idaho chose to implement an alternative plan.

5. Temporary Amendment to the Rules Governing High School Redesign

M/S (Thilo/Howard): To approve the reversal of the temporary rule, effective June 16, 2006, to the rules governing High School Redesign.

Amended M/S (Thilo/Howard): To approve the temporary rule, effective June 16, 2006, to the rules governing High School Redesign. *Motion carried unanimously.*

Board member Thilo introduced this item. It was noted that during the past legislative session the rule was technically passed by the legislature, but the funding was not provided. Karen Echeverria of the Board office clarified the intent of the motion.

Dr. Howard recommended that the Board discuss the ISAT requirement as well as the cut-off date at some point in the future.

6. Contractor for the Idaho Standards Achievement Tests (ISAT)

M/S (Hall/Terrell): To authorize (1) the Executive Director of the Office of the State Board of Education, working with the Division of Purchasing, to enter into negotiations with, and award the contract to, Data Recognition Corporation to develop and administer the ISAT; (2) to extend the Northwest Evaluation Association's contract to December 31, 2006; and (3) to authorize the Office of the State Board of Education to submit a supplemental request to the Division of Financial Management and Legislative Services Office. *Motion carried unanimously.*

Board member McGee introduced Rosemary Abell from the Board office. Ms. Abell introduced Russ Spencer, Vice President of Data Recognition Corporation (DRC), and Helen Gniadek, Project Manager for DRC.

Ms. Abell reported on the process undertaken to select the vendor. She noted that the Northwest Evaluation Association (NWEA) would be responsible to administer the fall ISAT under a contract extension. The DRC contract begins July 1, 2006. The Office of the State Board will submit a supplemental budget request to the Division of Financial Management and Legislative Services Office for estimated costs associated with the overlap of the two contracts. Board member McGee requested that the Board office allow her to review the budget prior to its submission.

Board member McGee reported that the two testing vendors are transitioning in a way that will benefit the state. Executive Director Johnson reported that a communiqué will be distributed to the districts in addition to public meetings to help explain the changes to superintendents, educators, and local communities. Dr. Howard asked about plans should the federal funds decrease. Mr. Johnson noted that some options may not have federal funding in the future, in which case there will be a need to prioritize the options and perhaps go to the legislature to request additional funds.

At this time the Board took up item 13 from the Consent agenda.

13. IRSA – Approval of Distribution of Federal Grant Funds for with the Board is the State Education Agency

M/S (McGee/Stone): To approve the distribution of 2006 federal grants by the State Board of Education (the State Education Agency) to the State Department of Education, the local education agencies, and higher education institutions as described in the charts in the discussion and to delegate authority to the State Department of Education to administer these funds in accordance with federal law and regulations. *Motion carried 6-2 (Hall and Howard dissenting).*

Substitute Motion/S (Howard/Hall): To approve the distribution of 2006 federal grants by the State Board of Education (the State Education Agency) to the State Department of Education, the local education agencies, and higher education institutions as described in the charts in the discussion and to delegate authority to the State Department of Education to administer these funds in accordance with federal law and regulations, with the exception that Title IIIA English Language Acquisition funding also be passed through the SDE along with the funds as listed on page one of Tab 13. *Motion failed 5-2-1 (Hall and Howard voting Aye; Thilo Abstained).*

Substitute Motion: (Lewis/Howard) To approve the distribution of 2006 federal grants by the State Board of Education (the State Education Agency) to the State Department of Education, the local education agencies, and higher education institutions as described in the charts in the discussion and to delegate authority to the State Department of Education to administer these funds in accordance with federal law and regulations; and the distribution of the Title IIIA English Language Acquisition funding, with further consideration of the funds being taken up following further study of this item. *NOTE: This motion was withdrawn.*

Board member McGee reviewed this item. Dr. Howard requested the Board move the Title IIIA LEP program back to the Department of Education. She noted that because this position is housed in the State Board office, a dual reporting system has resulted which has created a two-stream reporting system for the districts. Dr. Howard made a motion reflecting her concern. She reiterated that the SDE needs the position. The funding stream starts July 1, as does the program accountability. Marybeth Flachbart from the SDE explained the operation and the need for a person to run the program. She noted that most of the schools having problems meeting adequate yearly progress are having problems specifically in the area of LEP.

Board member McGee indicated she would not support the substitute motion, but that she did support the discussion. Board member McGee indicated that a report could be ready by October, or perhaps December. Dr. Howard asked that a report be ready in August. Board member Lewis agreed that this item is an issue that required further

discussion and asked to have the item brought back in August. He withdrew his substitute motion and the original motion was voted on.

BUSINESS AFFAIRS AND HUMAN RESOURCES

Section I – Human Resources

1. Boise State University – New Position – Vice President for Student Affairs

M/S (Terrell/Agidius): To approve the appointment of Dr. Michael Laliberte to the position of Vice President for Student Affairs at an annual salary of \$146,000.

Motion carried unanimously.

2. Idaho State University – Head Soccer Coach Employment Agreement

M/S (Terrell/Agidius): To approve the request by Idaho State University for a multi-year employment agreement for the Head Women's Soccer Coach (1.0 FTE) with attachment one at \$45,000 per year. Motion carried unanimously.

3. Idaho State University – Head Women's Basketball Coach Employment Agreement

M/S (Terrell/Agidius): To approve the request by Idaho State University for a multi-year employment agreement for the Head Women's Basketball Coach (1.0 FTE) at the amount of \$80,000. Motion carried unanimously.

4. Idaho State University – Head Men's Basketball Coach Employment Agreement

M/S (Terrell/McGee): To approve the request by Idaho State University for a multi-year employment agreement for the Head Men's Basketball Coach (1.0 FTE) at the fee of \$95,000 per year. Motion carried unanimously.

5. Idaho State University – Head Softball Coach Employment Agreement

M/S (Terrell/Agidius): To approve the request by Idaho State University for a multi-year employment agreement for the Head Softball Coach (1.0 FTE) at the amount of \$47,060. Motion carried unanimously.

6. University of Idaho – New Positions – Vice President of Finance and Administration and Vice President of University Advancement

M/S (Terrell/Thilo): To approve the appointment of Lloyd Mues to the position of Acting Vice President of Finance and Administration, at an annual salary of \$155,625.60. Motion carried unanimously.

M/S (Terrell/Agidius): To approve the appointment of Christopher Murray to the position of Vice President for University Advancement, at an annual salary of \$169,998.40. Motion carried 7-1 (Hall dissenting).

7. University of Idaho – Head Men’s Basketball Coach Employment Agreement

M/S (Terrell/Agidius): To approve a three-year employment contract for George Pfeifer, head men’s basketball coach, beginning March 27, 2006, at a first-year salary of \$100,006.40, with subsequent year increases as noted in the contract. Motion carried unanimously.

There was clarification of the contract language as it appears on page 5 of Tab 7, section 3.2.3.

By unanimous consent, it was agreed to modify the contract on page 5 of Tab 7, section 3.2.3., to read: “Each year Coach is named Conference Coach of the year and continues to be employed as the University’s head men’s basketball coach as the ensuing July 1st Coach . . .”.

At this time, Lloyd Mues was introduced to the Board.

8. FY2007 President and Agency Head Salaries

It was noted that in the past the university presidents were paid with dollars in part from state funds and in part from other-than-state funds. In an effort towards complete accountability and total transparency, the Board at this time is providing for full salary payment to come out of state appropriated dollars and not to allow for supplemental compensation packages to go to the presidents from any other source.

M/S (Terrell/McGee): To reappoint Dr. Robert Kustra as President of Boise State University effective July 1, 2006 through June 30, 2007, at a salary of \$261,262. Motion carried unanimously.

M/S (Terrell/Agidius): To reappoint Dr. Timothy White as President of the University of Idaho effective July 1, 2006 through June 30, 2007, at a salary of \$286,188. Motion carried unanimously.

M/S (Terrell/Thilo): To reappoint Dr. Dene Thomas as President of Lewis-Clark State College effective July 1, 2006 through June 30, 2007, at a salary of \$137,869. Motion carried unanimously.

M/S (Terrell/Agidius): To reappoint William Robertson as President of Eastern Idaho Technical College effective July 1, 2006 through June 30, 2007, at a salary of \$107,910. Motion carried unanimously.

M/S (Terrell/Thilo): To reappoint Dwight A. Johnson as Executive Director of the Office of the State Board of Education effective July 1, 2006, at a salary of \$108,713. Motion carried unanimously.

M/S (Terrell/Stone): To reappoint Michael Graham as Administrator of the Division of Vocational Rehabilitation, effective July 1, 2006, at will, at an annual salary of \$88,267. Motion carried unanimously.

M/S (Terrell/Stone): To reappoint Harvey Lyter as Superintendent of the School for the Deaf and the Blind effective July 1, 2006, at will, at an annual salary of \$66,300. Motion carried unanimously.

M/S (Terrell/Thilo): To reappoint Peter Morrill as General Manager of Idaho Public Television effective July 1, 2006, at will, at an annual salary of \$82,331. Motion carried unanimously.

M/S (Terrell/Agidius): To reappoint Michael Rush as Administrator of the Division of Professional-Technical Education effective July 1, 2006, at will, at an annual salary of \$89,935. Motion carried unanimously.

Section II – Business Affairs

1. Boise State University – Future Debt Management Financing Plans and 2. Boise State University – Capital Project Updates

Stacy Pearson discussed the details of information items number one and number two for the benefit of the Board members. She updated them regarding BSU's master plan including the future financing plans related to debt capacity and prudent debt management. There was discussion about the increasing enrollments and facility needs.

By unanimous consent, the Board agreed to bring forward item #13 of the Finance Agenda at this time.

13. Community College Funding – Reconsideration of Decision

M/S (Terrell/Agidius): To reconsider the action taken at the April 2006 Board meeting, which allocated the FY2007 General Fund appropriation to the two community colleges. Motion carried unanimously.

M/S (Agidius/Lewis): To approve the process for distributing the FY2007 State General Fund appropriation among North Idaho College and the College of Southern Idaho, as outlined in Attachment 1, "College of Southern Idaho and North Idaho College: State General Fund Distribution Process: on pages 5-7 of Tab 13. The amount allocated to North Idaho College will be \$10,506,000 and the

amount allocated to the College of Southern Idaho will be \$11,594,900. Motion carried unanimously.

Board member Terrell introduced this item noting that a motion to reconsider had to be made by a Board member who voted with the prevailing side at the April 2006 meeting. The Board voted to reconsider their decision.

Board member Terrell noted that as the state continues to debate the need for more community colleges in Idaho it is possible the status quo will change. Should that happen, the distribution process will be renegotiated. Board member Hall thanked NIC and CSI for their persistence in communicating the process as well as the formula that they were using for this allocation.

3. Boise State University – Environmental Science and Policy Center – Project Revision – Programming & Scope

M/S (McGee/Agidius): To approve the request by Boise State University to expand the scope of planning and design of the Environmental Science and Policy Center and to authorize the Division of Public Works to proceed with the procurement of design and architectural services to complete design and programming plans for the new building, for an additional amount of \$1,230,000 (total authorization of \$1,680,000). The funding source for the planning and design budget is federal Housing and Urban Development funds. Motion carried unanimously.

Stacy Pearson presented this item.

4. Idaho State University – Purchase of Enterprise Resource Planning (ERP) System

M/S (McGee/Agidius): To approve the request by Idaho State University to release a Request for Proposal for an IT Enterprise resource system by July 1, 2006. Motion carried unanimously.

Ken Prolo from Idaho State University discussed this item. He noted it is a request to release an RFP. It is anticipated that ISU will report to the Board in December on the vendor selected for this project.

5. University of Idaho – Administration System Hardware/Software Upgrade

M/S (Agidius/Lewis): To approve the request by the University of Idaho to purchase hardware and software for the University's SunGard/SCT Banner administrative computing system, in an amount not to exceed \$1,750,000 over five (5) years. Motion carried 7-0 (Board member Hall recused himself from the vote due to a possible conflict of interest).

Lloyd Mues from UI reported to the Board on this item. Board member Hall recused himself from the debate and the vote because of a possible conflict of interest.

6. University of Idaho – Line of Credit – Idaho Research Foundation

M/S (Agidius/Hall): To approve the request by University of Idaho to continue the line of credit agreement between the Regents of the University of Idaho and the Idaho Research Foundation, Inc. in the form presented to the Board, authorizing the extension of the existing draw of \$126,000 as of July 1, 2006. The State Board of Education delegates authority to sign the extension to the Vice President of Finance and Administration at the University of Idaho. Motion carried unanimously.

Mr. Mues presented this item to the Board. He noted the request allows for an additional year with no credit being associated with it.

7. University of Idaho – Redirect Bond Proceeds

M/S (Thilo/Stone): To authorize the use of excess Series 2001 Bonds proceeds, not to exceed \$550,000; and other reserve funds, not to exceed \$150,000, for the Theophilus Tower Project, finding that the project is necessary for the proper operation of the institution and economically feasible. Roll call vote taken; motion carried unanimously.

M/S (Agidius/Hall): To authorize the use of excess Series 2003 Bonds proceeds, not to exceed \$550,000, for the Campus Master Utility Plan and Gibb Hall projects, finding that each project is necessary for the proper operation of the institution and economically feasible. Roll call vote taken; motion carried unanimously.

Mr. Mues reported on the need to use excess bond proceeds on the following three projects: the Theophilus Tower project; the Campus Master Utility Plan project; and the Gibb Hall project. He noted that each of the projects will yield immediate and positive impact for the campus.

8. University of Idaho – Athletic Promotions, Sponsorships and Corporate Rights Contract

M/S (Hall/Agidius): To approve the request by the University of Idaho to execute a contract with Learfield Communications, Inc., for Intercollegiate Athletic promotions, sponsorships and corporate rights, subject to review and final approval by the Executive Director of the state Board of Education and Board legal counsel. Motion carried unanimously.

The University of Idaho Athletics Department discussed the unique aspects of this agreement, noting that it allows UI to be more efficient and effective. UI is guaranteed a revenue stream each year. The Learfield group will comply with the UI controls that are built into the agreement. It was explained that the contract guarantees UI a certain

amount of money and also compensates Learfield for rights they will acquire. Board counsel agreed the contract is complex, but did not note anything in the contract that would preclude the Board from approving the request.

9. University of Idaho – Water Center Operating Agreement Amendment – UI and Idaho Division of Water Resources (IDWR)

M/S (Terrell/Agidius): To authorize the Vice President for Finance and Administration at the University of Idaho to execute an amendment to the 2002 Operating Agreement with the Idaho Department of Water Resources, with respect to space usage in the Idaho Water Center. Final approval of the amendment is contingent upon review by the Executive Director of the State Board of Education and Board legal counsel. In addition, the Executive Director and legal counsel verify that leasing to the Division of Water Resources does not impact the status of the bonds. Motion carried unanimously.

Lloyd Mues discussed this item. He explained that by renting space, debt can be shifted and reduced. It was confirmed that the legal standing related to the bond issue would not be impacted by this agreement.

By unanimous consent, the Board agreed to add the following to the motion: “the Executive Director and legal counsel verify that leasing to the Division of Water Resources does not impact the status of the bonds.”

10. Lewis-Clark State College – Residence Hall Management Agreement

M/S (Agidius/McGee): To approve the request by Lewis-Clark State College to enter into a management agreement with College Place, LLP, to allow LCSC to administer and rent a privately developed and funded residence hall, and to authorize the Vice President for Administrative Services to sign the enclosed management agreement and represent the Idaho State Board of Education on documents related to this transaction. Motion carried unanimously.

Ron Smith, Lewis-Clark State College, presented this item. He clarified for the Board that the benefits for LCSC outweigh the risk factors, should they act as the management entity for the privately owned facility. Board member Hall indicated his support of this proposal.

11. Lewis-Clark State College – Bookstore Contract

M/S (McGee/Agidius): To approve the request by Lewis-Clark State College to enter into a contract with Follett Higher Education Group, Inc., to provide bookstore management services, and hereby authorize the Vice President for Administrative Services to sign all documents and agreements related to this transaction. Motion carried unanimously.

12. Amendment of Board Policy V.R. – Establishment of Fees – First Reading (deferred from April 2006 agenda)

M/S (Hall/Stone): To approve for first reading revisions to the Idaho State Board of Education Governing Policies and Procedures, Sections V.R. *Motion carried unanimously.*

Stacy Pearson reported on revisions made to the proposed changes in this Board policy, noting the proposed changes were originally discussed at the April 2006 Board meeting. She explained that the changes include language related to the professional fees and self-supporting fees. She clarified the intent of the language related to self-supporting fees.

Jeff Shinn explained that the fee for the specialized course would only be used for that course. Board member Lewis indicated his understanding of the intent of the language, but had questions about the clarity of the section on self-supporting and program fees. The Board agreed that this is a first reading and further changes and consideration can be taken prior to the second reading.

Note: Item 13 was moved up in the agenda.

14. FY2007 Student Health Insurance at Idaho State University, University of Idaho, and Lewis-Clark State College

M/S (Hall/Stone): To authorize Idaho State University to continue the contract with Academic Risk Management Inc., to provide student health insurance for 2006-2007 at a rate of \$465.00 per student, per semester. *Motion carried unanimously.*

M/S (Hall/Stone): To authorize the University of Idaho to continue the contract with The Mega Life and Health Insurance Company to provide student health insurance for 2006-2007 at a rate of \$596.00 per full-time student per semester. *Motion carried unanimously.*

M/S (Hall/Stone): To authorize Lewis-Clark State College to continue the contract with Renaissance Agencies, Inc., to provide student health insurance for 2006-2007 at a rate of \$557.00 per full-time student per semester. *Motion carried unanimously.*

Jeff Shinn presented this item.

By unanimous consent, the Board agreed to consider item 18 at this point in the agenda.

18. University of Idaho – Settlement Agreement

M/S (Hall/Stone): To approve the settlement and to authorize the University of Idaho to sign all necessary settlement documents. *Motion carried unanimously.*

15. FY2007 Intercollegiate Athletic Reports by Boise State University, Idaho State University, University of Idaho and Lewis-Clark State College

M/S (Agidius/Thilo): To accept the Intercollegiate Athletics Report as presented. *Motion carried unanimously 7-0 (Terrell absent during vote).*

Jeff Shinn introduced this item. He explained that the request had been made to the institutions to publish, in their reports, their assumptions of various items. Board member Hall indicated that the Board had asked for a yearly report to demonstrate the actual amounts in comparison to the assumptions when it comes to booster support. Jeff Shinn noted that information would be provided at the December Board meeting.

16. Approval of FY2007 Operating Budgets

M/S (Hall/Agidius): To approve the FY2007 operating budgets for the Office of the State Board of Education, Idaho School for the Deaf and the Blind, Idaho State Historical Society, Idaho State Library, Idaho Public Television, Division of Vocational Rehabilitation, College and Universities, Postsecondary Professional-Technical Education, Agricultural Research/Extension, Health Programs, Special Programs as detailed on pages 7-70 in Tab 16. *Motion carried unanimously.*

17. FY2008 Budget Request Guidelines

M/S (McGee/Howard): To direct the agencies and institutions of the State Board of Education to prepare budget requests for FY2008 according to the guidelines established in the Budget Development manual and relevant Board policy, including full MCO funding, and to include the most critical new line items, in agency or institutional priority order. *Motion carried unanimously.*

Jeff Shinn presented this item to the Board. Board member Hall explained that the Board wants the agencies and institutions to provide the Board with their most critical items for enhancements. That would allow the Board to see the big picture and determine which enhancements it should take forward during the legislative process.

At this time, Board President Stone thanked Dr. Michael Gallagher for stepping forward to take charge of Idaho State University over the past months. Dr. Gallagher expressed his gratitude to the Board for their confidence in him. He noted that the support he received from all the individuals involved over his brief term as Interim President made a tremendous difference in his ability to lead ISU through a time of transition.

OPEN FORUM (continued)

Dr. Linda Clarke spoke to the Board about her concerns related to Adequate Yearly Progress. She noted that the Meridian School District is a strong advocate of accountability, but questioned the way Idaho applied sanctions. She suggested that it brands highly successful schools as failures. Dr. Clarke discussed the impact of sanctions on schools like Centennial High School and reiterated her position that the No Child Left Behind Act (NCLB) was intended to address huge schools that have huge failure rates; Idaho does not have that problem.

Dr. Clarke pointed out that there are no additional resources that come with the sanctions to support improvement efforts for non-Title I schools. Districts must take funds from other programs which creates even more disadvantage. She urged the Board to reconsider how sanctions are applied to Idaho's schools and noted that a similar message had come from other districts and also legislators.

M/S (McGee/Terrell): To adjourn for the evening at 5:55 p.m. and reconvene at 8:00 a.m. on June 16, 2006. *Motion carried unanimously.*

DEPARTMENT OF EDUCATION AGENDA

Board Vice President Terrell called the meeting to order at 8:09 a.m. It was noted that Board member Blake Hall was excused from the remainder of meeting due to a previous commitment.

A. Superintendent's Report

Dr. Howard reported to the Board regarding a number of current activities taking place at the State Department of Education. She informed the Board about changes to the instructional staff support unit across the state and indicated that districts had been notified as to the impact on personnel in their districts. In addition, she directed the Board's attention to the Department's agenda materials for the list of the activities that are underway in the state.

Dr Howard reported that the SDE had worked with the National Laboratory on science programs as a way to help teachers become more aware of what they can do in the classroom. In addition they are working together to set up the 2006 Physics Teachers workshop in Idaho Falls.

Dr. Howard also reported that the SDE had embarked on an initiative related to math coaching and indicated that BSU is a partner in putting together this field program at three different sites. She noted that the results and critical factors that are identified at each of the sites will be analyzed to determine what happens when skilled and knowledgeable people come together.

In the area of accountability, Dr. Howard pointed out that it is essential to have aggressive timelines because September is the time when many things must be in place in order to avoid further loss of funds.

Related to high school reform, Dr. Howard reported that there are many thoughts nationally about high school reform and she encouraged the Board to be open to other possibilities. She noted that Idaho had taken a top-down approach which resulted in some resistance. Dr. Howard pointed out that the people of Idaho are eager to talk to the Board about what is already taking place locally. She noted that districts have high student expectations and that they believe they can increase rigor while increasing graduation rates, accountability, and quality.

In closing, Dr. Howard publicly recognized Dr. Marilyn Davis who will be leaving the Office of the State Board to go to ISU. She also recognized Allison Westfall who is leaving the Department of Education to take a position in the Nampa School District. Dr. Howard thanked them both for being people of integrity who have served Idaho well in their current positions. Board member Terrell thanked Dr. Marilyn Davis and Allison Westfall on behalf of the Board and also wished them well.

Board member McGee noted that the BSU math model Dr. Howard referred to will be a great opportunity for the state. In addition, the change in instructor ratio will also benefit the high school reform effort. Dr. Howard reiterated that the districts will know their own specific needs, and having the flexibility to target and staff those areas will make a difference. She reminded the Board that schools need to have the ability to hire teachers for the areas where the purposes are evident in their communities.

CONSENT AGENDA

M/S (Terrell/Stone): To move items D, S and T to the Consent Agenda. *Motion carried unanimously.*

M/S (Terrell/Stone): To approve the Consent agenda. *Motion carried unanimously.*

D. Appointments to the Idaho State Curricular Materials Selection Committee

By unanimous consent, the Board approved the request for two appointments to the Idaho State Curricular Materials Selection Committee as submitted (Darlene Dyer, Stacey Jensen).

S. Praxis II Assessment Requirements for Teacher Certification: #0014: Elementary Education: Content Knowledge

By unanimous consent, the Board approved the request from the Professional Standards Commission to require Praxis II #0014: Elementary Education: Content Knowledge for an Idaho Exceptional Child Certificate.

T. Praxis II Assessment Requirements for Entry into Alternative Routes for Idaho Exceptional Child Certificate

By unanimous consent, the Board approved the request from the Professional Standards Commission to require Praxis II #0014: Elementary Education: Content Knowledge as an entry requirement for those seeking an Idaho Exceptional Child Certificate via the Teacher to New Certification or Content Specialist to Teacher Alternative Routes.

REGULAR AGENDA

B. Adequate Yearly Progress Accountability Procedures

M/S (Howard/McGee): To approve the AYP procedures. *Motion carried unanimously.*

Jana Jones and Marybeth Flachbart updated the Board on the Adequate Yearly Progress procedures. Ms. Flachbart noted that much has been learned since the procedures were first adopted by the Board. She said the procedures have remained essentially the same, while the guidance on how to follow the procedures had been revised. She summarized the process followed in amending the AYP Accountability Procedures. She noted that a template was created for schools to follow to provide as much direction as possible and to be transparent about the expectation for corrective action plans.

Board member McGee asked how districts should focus on the small percentage of students who do not meet the requirements. Ms. Flachbart indicated that parents should have the opportunity to know where the areas of concern are, and whether there is a dual accountability system. She emphasized that the Department will work with schools to provide the technical assistance necessary.

Dr. Howard noted that the special education and LEP students will continue to fall out due to an inability to perform at the level that the federal requirements mandate. In actuality, this will keep the issue in the forefront so that the federal government must recognize deficiencies in the law.

C. Professional Standards Commission Reappointment and Appointments

M/S (Terrell/Lewis): To postpone this item until the August 2006 meeting with the clarification that the names of the present members of the Commission are provided along with the entity who made their appointment, and each members' resumes. *Motion carried 4-3 (Nays: Howard, Thilo and Agidius).*

Dr. Howard introduced this item. Board member Lewis asked for clarification about the process and how the appointments are made. Dr. Jana Jones reported that nominations come forward from the organizations as designated. Board member Lewis noted that two of the appointments come from IEA. Dr. Jones agreed to find out how many Commission members are also members of the IEA and to get that information to Board member Lewis prior to the August meeting. The Board's legal counsel clarified

that the persons who are up for reappointment will continue to serve until they are replaced. The other nominee will not come up for appointment until after the August meeting.

At this time, Dr. Howard introduced Ray Merical and Jana Jones to discuss the agenda items related to the appeal and waiver of the cap pupil transportation funding formula. It was noted that the legislature allows only two areas where a waiver can be granted. Those areas are: (1) uniquely difficult geographic circumstances and (2) extraordinary, one-time circumstances. It was explained that the one-time extraordinary circumstance allows for a one-year waiver. The uniquely difficult geographic circumstance allows for a five-year waiver which can be brought back for a one-year review if the Board so desires.

E. Appeal and Waiver of 105% Cap Pupil Transportation Funding Formula: Buhl

M/S (Terrell/McGee): To disapprove the Buhl School District Funding cap Appeal Application. *Motion failed 2:5 (McGee and Terrell voted Aye).*

M/S (Stone/ Terrell): To approve the Buhl School District Funding cap Waiver Appeal request based on the one-time extraordinary circumstance outside the district's control.

Substitute Motion (Terrell/Stone): To approve the Buhl School District Funding cap Appeal Application at a funding cap percentage rate that will reduce the funding cap penalty to ½ percent under the conditions that they have requested extraordinary and one-time circumstances outside the districts foresight and control. *NOTE: This motion was withdrawn.*

The Buhl School District reported on the geographic circumstances that required the district to accommodate riders, in addition to the influx of migrant workers at certain times of the year that impact the numbers. There was lengthy discussion about the appeal process, the rationale and other various issues. Ray Merical explained in the opinion of the SDE, Buhl does have a geographic circumstance that should be considered. The Board agreed to briefly delay consideration of this item in order to review the wording of the prepared motions.

At this time the Board moved to item Q of the agenda.

Q. Revisions to IDAPA 08.02.02, Rules Governing Uniformity: New School Bus Standards and Reimbursement Matrix

M/S (Howard/Thilo): To approve a Notice of Proposed Rulemaking for publication in the August 2, 2006, Administrative Bulletin (Docket No. 08-0202-0601), to incorporate by reference Standards for Idaho School Buses and Operations – June 16, 2006, and the pupil transportation reimbursements/non-reimbursement

matrix, as part of the rulemaking process. Motion carried 6-0 (Lewis absent during the vote).

Dr. Jana Jones reported that the Department must meet the federal requirements, which have changed. Therefore, the Department seeks approval from the Board on this notice of proposed rulemaking. The process includes public hearings of the proposed rule prior to the second reading. For clarification, it was noted that this rule will not have any impact on charter or virtual schools.

Following this item, the Board returned to item E discussion.

E. Appeal and Waiver of 105% Cap Pupil Transportation Funding Formula: Buhl (continued)

At this time, Jeff Schrader, the Board's legal counsel explained for the Board's benefit the intent of the motions having to do with the appeal and waiver requests.

By unanimous consent, the Board agreed to take the previous motion off the table.

M/S (Terrell/Agidius): To approve Buhl school district's request for a waiver of the 105% funding cap penalty cap appeal based on extraordinary one time circumstances beyond the district's foresight and control in an amount necessary to eliminate 60% of its funding cap penalty. This waiver is for the 2005-2006 school year only. Motion carried unanimously.

F. Appeal and Waiver of 105% Cap Pupil Transportation Funding Formula: Caldwell

M/S (Agidius/McGee): To disapprove Caldwell school district's request. Motion carried 5-2 (Lewis and Howard dissenting).

The Caldwell district discussed the rationale for its request. It was noted that the Caldwell District has a high number of special needs students. Lisa Thompson discussed the unique geographic circumstances and the one-time extraordinary circumstances the Caldwell District faces and the Caldwell Transportation Company noted it intends to be under the cap next year related to the geographic issue. Dr. Jana Jones noted that the Department supported the district in its request.

Board member Thilo indicated that she appreciated the scrutiny the Department had given to the appeal and the recommendations made to assist the district in resolving the various issues. Board member Agidius noted that the actions taken by the Caldwell District are commendable, but may not qualify as a unique geographic circumstance. Board member McGee indicated that she had some concerns with the request as well.

G. Appeal and Waiver of 105% Cap Pupil Transportation Funding Formula: Dietrich

M/S (Terrell/Agidius): To approve Dietrich school district's request for a waiver of the 105% funding cap penalty cap appeal based on geographic circumstances in an amount necessary to eliminate 98% of its funding cap penalty. This waiver is for the 2005-2006 school year only. *Motion carried unanimously.*

Dr. Howard and Ray Merical presented this request.

H. Appeal and Waiver of 105% Cap Pupil Transportation Funding Formula: Kellogg

M/S (Terrell/Agidius): To deny Kellogg school district's request. *Motion carried 6-1 (Howard dissenting).*

Dr. Howard and Ray Merical presented this item. Board member Agidius explained that he was unable to support the request without more information from the district.

I. Appeal and Waiver of 105% Cap Pupil Transportation Funding Formula: McCall-Donnelly

M/S (Terrell/Stone): To approve McCall-Donnelly school district's request for a waiver of the 105% funding cap penalty cap appeal based on extraordinary circumstances beyond the district's foresight and control in an amount necessary to eliminate 60% of its funding cap penalty. This waiver is for the 2005-2006 school year only. *Motion carried 5-1-0 (McGee dissenting; Agidius absent during vote).*

Substitute Motion (Lewis/) : To approve McCall-Donnelly school district's request for a waiver of the 105% funding cap penalty cap appeal based circumstances in an amount necessary to eliminate 99% of its funding cap penalty. This waiver is for the 2005-2006 school year only. As part of the motion, the Board requests McCall-Donnelly to bring back this item next year for review. *Motion failed for a lack of a second.*

Superintendent Terry Donicht presented this item to the Board. Board member Lewis indicated his desire to fund this request at the maximum amount based the district's appeal.

J. Appeal and Waiver of 105% Cap Pupil Transportation Funding Formula: Meadows Valley

M/S (Terrell/Agidius): To approve Meadows Valley school district's request for a waiver of the 105% funding cap penalty cap appeal based geographic circumstances in an amount necessary to eliminate 90% of its funding cap penalty. This waiver is for a five-year period beginning in the 2005-2006 school year, with a review next year because of the funding. *Motion carried 5-2 (McGee and Stone dissenting).*

Superintendent Terry Donicht presented this item to the Board. Ray Merical noted that Meadows Valley is in the same situation as Dietrich with no efficiencies to be gained by eliminating routes.

K. Appeal and Waiver of 105% Cap Pupil Transportation Funding Formula: Moscow

M/S (Agidius/Lewis): To approve Moscow school district's request for a waiver of the 105% funding cap penalty cap appeal based geographic circumstances in an amount necessary to eliminate 16% of its funding cap penalty. This waiver is for a five-year period beginning in the 2005-2006 school year, with a review next year. Motion carried 5-2 (Stone and McGee dissenting).

Superintendent Candis Donicht presented this item.

L. Appeal and Waiver of 105% Cap Pupil Transportation Funding Formula: Mountain Home

M/S (McGee/Stone): To deny the request by the Mountain Home School District. Motion carried 4-3 (Lewis, Howard and Terrell dissenting)

Superintendent Tim McMurtry presented this item. Ray Merical noted that the district had made attempts since last year to reduce cost. He pointed out that it does have a large geographic distance to cover. Mr. Merical explained that the review process included a snapshot of what happened on a particular day and may not paint the whole picture. He indicated that the Department recommends efficiencies to the districts, but districts may not be able to implement every efficiency.

M. Appeal and Waiver of 105% Cap Pupil Transportation Funding Formula: Salmon

M/S (Agidius/Thilo): To deny the appeal request from Salmon. Motion carried 5-2 (Howard and Lewis dissenting).

Dr. Howard and Ray Merical presented this item. Board member Thilo noted that it appeared the routes do not seem to be well designed. Board President Stone pointed out that the clear message to every district in the state was to review bus routes and do everything possible to achieve efficient transportation and cost reduction. Board member Agidius noted again that the only two areas the Board can look at are geographic and extraordinary circumstances. Districts need to focus on those two areas.

N. Appeal and Waiver of 105% Cap Pupil Transportation Funding Formula: Twin Falls

M/S (Terrell/Agidius): To deny the request of the Twin Falls school district. Motion carried 5-1-0 (Howard dissenting; Stone abstained from discussion and action on this item).

Board President Stone stepped out of the room during the discussion on this item due to a possible conflict of interest. The representative from the bus company appeared before the Board to explain the extraordinary circumstances that are the basis of the appeal. Board member Terrell indicated he would not vote for an appeal.

O. Appeal and Waiver of 105% Cap Pupil Transportation Funding Formula: Valley

M/S (Terrell/McGee): To approve Valley school district's request for a waiver of the 105% funding cap penalty cap appeal based on extraordinary circumstances beyond the district's foresight and control in an amount necessary to eliminate 50% of its funding cap penalty. This waiver is for the 2005-2006 school year only.
Motion carried unanimously.

Superintendent Elsie Krause made a request to amend the appeal and include extraordinary one-time circumstances. She went on to explain the geographic circumstances that the district deals with and noted that the district had eliminated one bus route. In addition, the bus contractor opted not to take a CPI increase last year and also asked the business manager to subtract 5% from the total bill this year in order to save the district money. Board members McGee and Terrell thanked the superintendent for the due diligence of the district to cut costs. They also commended the bus contractor for taking cuts in order to manage the costs.

P. Appeal and Waiver of 105% Cap Pupil Transportation Funding Formula: Wendell

M/S (Terrell/Stone): To approve Wendell school district's request for a waiver of the 105% funding cap penalty cap appeal based on extraordinary circumstances beyond the district's foresight and control in an amount necessary to eliminate 25% of its funding cap penalty. This waiver is for the 2005-2006 school year only.
Motion failed 2-5 (Terrell and Stone voted Aye).

M/S (Thilo/Agidius): To deny the request. *Motion carried 5-2 (Stone and Howard dissenting).*

Motion to Reconsider/S (Terrell/Thilo): To reconsider the motion. *Motion carried 5-2 (Agidius and McGee dissenting).*

M/S (Terrell/Thilo): To approve Wendell school district's request for a waiver of the 105% funding cap penalty cap appeal based on extraordinary circumstances beyond the district's foresight and control in an amount necessary to eliminate 20% of its funding cap penalty. This waiver is for the 2005-2006 school year only.
Motion carried 4-3 (Agidius, McGee and Lewis dissenting).

Superintendent Greg Lowe presented this item and noted that the district had spent significant time and effort to bring costs down this past year. He indicated that a new reporting system had been implemented as well. He explained that the district was able

to recently approve a new contractor to serve the district using a very comprehensive bid process. The previous contract made it impossible to make necessary changes.

Board member Terrell encouraged the district to continue to work on bringing the costs down. Board member Agidius indicated his understanding that the district had done all it could to bring the cost down even though the contract was a barrier. Board member Terrell noted that the district had corrected the situation by replacing the contractor once the contract expired.

During the vote on the final motion, Dr. Howard changed her vote from Nay to Aye. The motion carried.

At the conclusion of the bus waiver appeals, Board member McGee asked that the Department to provide the Board with the list of those districts who received waivers this year as a means to track them on next year's agenda related to this topic.

R. Proposal to Divide Grangeville Joint School District No. 241

M/S (Thilo/Lewis): To approve the proposal for division of the Grangeville Joint School District No. 241. *Motion carried 5-2 (Stone and Agidius dissenting).*

Superintendent Wayne Davis, Craig Spencer, Chair of the Trustee Board, Joyce Barnard, member of the Trustee Board representing the Riggins area, and Jerry Gee, consultant from the MGT consulting group appeared before the Board. As a point of order, the Board's legal counsel explained to the Board the process for considering this proposal, noting that the district's school board would like to put this item on the November ballot.

Superintendent Davis reported that the district hired MGT as a neutral party to develop a plan in anticipation of getting it on the ballot in November, 2006. The district approved the plan four-one. Dr. Gee reported that public hearings were held in Riggins, Grangeville and Kooskia and additional input had also been received. It was noted that the Grangeville district is very large and that Riggins is 45 miles from Grangeville. Dr. Gee reviewed other portions of the plan and indicated that MGT believes the plan is doable.

Mr. Spencer provided the historical background of the district and noted that the differences and the distances between the Riggins area and the Grangeville area have resulted in many years of divisiveness. He emphasized that the separation would allow both districts to focus on education rather than be distracted by divisive issues.

Joyce Barnard spoke on behalf of the people from the Riggins area and noted that the plan developed by the third party was good and she encouraged the Board to approve it so that it can go before the voters for their decision.

Dr. Gee clarified the proposed district boundaries and there was discussion about time zones, property values, and ability of the districts, should the division be approved, to adequately support themselves. In response to an inquiry from Board member Terrell, it was noted that no one in the room opposed the district split.

Board member Terrell expressed concern about subsidizing two separate districts. Lengthy discussion and explanation followed as Superintendent Davis, Dr. Gee, and Dr. Howard provided details and input. Joyce Barnard assured the Board that the people of Riggins would support their district. She expressed confidence in their ability to pass supplemental overrides and indicated that the community would be able to offer programs they don't currently have available to them if they become a separate district. She made the point that the citizens of Riggins want the opportunity to decide for themselves what their future should be and encouraged the Board to give them that chance. She noted that there are services that will continue to be shared with the Grangeville district. In addition, there will be continuity as the trustee board transitions into new and separate responsibilities.

In closing, Superintendent Davis thanked the Board on behalf of all the involved parties for their support of the effort. He briefly discussed the successful efforts by the district to address high school reform. Executive Director Johnson invited Superintendent Davis to provide input related to high school reform.

OTHER BUSINESS

M/S (Terrell/Agidius): To adjourn the meeting at 1:45 p.m. *Motion carried unanimously.*